



Independent Pricing and Regulatory Tribunal
New South Wales

Sale of New Appliances

Method Guide

© Independent Pricing and Regulatory Tribunal (2020)

With the exception of any:

- (a) coat of arms, logo, trade mark or other branding;
- (b) third party intellectual property; and
- (c) personal information such as photos of people,

this publication is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Australia Licence.



The licence terms are available at the Creative Commons website:
<https://creativecommons.org/licenses/by-nc-nd/3.0/au/legalcode>

IPART requires that it be attributed as creator of the licensed material in the following manner: © Independent Pricing and Regulatory Tribunal (2020).

The use of any material from this publication in a way not permitted by the above licence or otherwise allowed under the *Copyright Act 1968* (Cth) may be an infringement of copyright. Where you wish to use the material in a way that is not permitted, you must lodge a request for further authorisation with IPART.

Disclaimer

IPART does not guarantee or warrant, and accepts no legal liability whatsoever arising from or connected to, the accuracy, reliability, currency or completeness of any material contained in this publication.

Information in this publication is provided as general information only and is not intended as a substitute for advice from a qualified professional. IPART recommends that users exercise care and use their own skill and judgment in using information from this publication and that users carefully evaluate the accuracy, currency, completeness and relevance of such information. Users should take steps to independently verify the information in this publication and, where appropriate, seek professional advice.

Nothing in this publication should be taken to indicate IPART's or the NSW Government's commitment to a particular course of action.

The Independent Pricing and Regulatory Tribunal (IPART)

IPART provides independent regulatory decisions and advice to protect and promote the ongoing interests of the consumers, taxpayers and citizens of NSW. IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from IPART's website: <https://www.ipart.nsw.gov.au/Home>.

Document Control

Version number	Change description	Date published
V1.0	Initial release – following gazettal of ESS Rule Amendment No.2	July 2014
V2.0	Application Form: Part B – Method Details and Nomination Form removed from the Method Guide to be separate documents.	January 2015
V2.1	Clarification of a number of terms used.	April 2015
V2.2	Links to Application Forms updated to reflect update to ESS website	July 2015
V3.0	Updated for ESS Rule amendment – August 2015	October 2015
V4.0	Updated to reflect amendments to the ESS Rule and to incorporate information previously found in the Evidence Manual: Sale of New Appliances	August 2016
V4.1	Updated to reflect amendments to the ESS Rule	May 2017
V4.2	Updates to reflect amendments to the ESS Rule	July 2018
V4.3	Updates to reflect amendments to the ESS Rule	March 2020

Contents

1	About this document	1
1.1	Legislative requirements	1
2	Method overview	2
3	Requirements that must be met	2
3.1	Energy saver	2
3.2	Purchaser	3
3.3	Implementation, implementation date and site	3
3.4	Sold	4
3.5	Eligible activities	4
3.6	Minimum requirements of conduct	6
3.7	Insurance	7
4	Calculating energy savings	7
4.1	Electricity savings	7
4.2	Gas Savings	8
5	Calculating and creating ESCs	8
5.1	Applying to register ESCs	8
6	Minimum required records	9
7	Glossary	12

1 About this document

The NSW Energy Savings Scheme (**ESS**) seeks to reduce energy consumption in NSW by creating financial incentives for organisations to invest in energy saving projects.

The other objects of the ESS are to:

- ▼ assist households and businesses to reduce energy consumption and energy costs
- ▼ make the reduction of greenhouse gas emissions achievable at a lower cost, and
- ▼ reduce the cost of, and need for, additional energy generation, transmission and distribution infrastructure.¹

Electricity retailers and other mandatory participants (**Scheme Participants**) are obliged to meet energy saving targets. Energy savings can be achieved by installing, improving or replacing energy saving equipment. Persons that become Accredited Certificate Providers (**ACPs**) can create energy savings certificates (**ESCs**) from these activities and then sell those ESCs to Scheme Participants. The Independent Pricing and Regulatory Tribunal of NSW (**IPART**) is both the Scheme Administrator and Scheme Regulator of the ESS.²

This document provides guidance about how the Sale of New Appliances (**SONA**) method of the ESS operates, some of the key requirements that must be met when using the method, and how to calculate energy savings for a Recognised Energy Saving Activity (**RESA**) and create ESCs. This document should be used by:

- ▼ applicants seeking accreditation as a certificate provider, to assist them in completing their application,³ and
- ▼ those persons who are already ACPs, to assist them in accurately calculating energy savings using this method.

1.1 Legislative requirements

This document is not legal advice. The legal requirements for ACPs participating in the ESS are set out in:

- ▼ Part 9 of the *Electricity Supply Act 1995* (**Act**)
- ▼ Part 6 of the *Electricity Supply (General) Regulation 2014* (**Regulation**), and
- ▼ the *Energy Savings Scheme Rule of 2009* (**ESS Rule**).

ACPs are also required to meet any additional accreditation conditions as set out in their Accreditation Notice.

¹ *Electricity Supply Act 1995*, section 98(2)

² *Electricity Supply Act 1995*, sections 153(2) and 151(2)

³ A full explanation of the application process is provided in the Application Guide www.ess.nsw.gov.au/How_to_apply_for_accreditation/The_application_process. Applicants should ensure they read this document and the Application Guide in full before applying for accreditation.

2 Method overview

The SONA method can be used to calculate and create ESCs for the energy savings resulting from the sale of household appliances that consume less energy than the average appliance of the same type. This method can be used to calculate energy savings from the sale of a high efficiency:

- ▼ clothes washing machine or clothes dryer
- ▼ dishwasher
- ▼ refrigerator
- ▼ freezer, or
- ▼ television.

The method provides appliance retailers an incentive to market and sell high efficiency appliances to consumers who in turn benefit from the ongoing energy savings.

3 Requirements that must be met

We have provided information below about the requirements of the method. This is not an exhaustive list of requirements, and ACPs should ensure they are familiar with their obligations under the Act, Regulation, ESS Rule and any conditions of their accreditation.

3.1 Energy saver

An ACP can only calculate energy savings and create ESCs from an implementation if the ACP is the energy saver under the ESS Rule. The ACP must be the energy saver as at the implementation date. An energy saver can be either:

- ▼ the **original energy saver** – which, under this method, is the appliance retailer⁴ who sells the high efficiency appliance to the purchaser, or
- ▼ the **nominated energy saver** – which is someone the original energy saver has nominated as the energy saver by completing a Nomination Form.⁵

An ACP that is the original energy saver must be accredited as an ACP **prior to** the implementation date in order to create ESCs from an implementation.

An ACP that is a nominated energy saver must:

- ▼ be **accredited** as an ACP **prior** to the implementation date and before the nomination is made,⁶

⁴ The appliance retailer does not need to be located in NSW and can either have a traditional bricks and mortar store or an online store.

⁵ Available at: www.ess.nsw.gov.au/Accredited_Certificate_Providers/Templates

⁶ The ESS website provides information on applying to become an ACP at: www.ess.nsw.gov.au/How_to_apply_for_accreditation.

- ▼ have a documented procedure for obtaining the nomination from the original energy saver
- ▼ be **nominated** by the original energy saver on or **before** the implementation date. The nomination is taken to occur on the date that the nomination form is signed by the original energy saver, and
- ▼ provide a copy of the signed nomination form to IPART within seven days of the nomination being made.

3.2 Purchaser

In general, the purchaser is the person who purchases or leases the goods or services that enable the relevant energy savings to be made. However, the following persons cannot be a purchaser and therefore cannot be an original energy saver under the method:

- ▼ an ACP who is not the owner, occupier or operator of the relevant site,⁷
- ▼ a person who purchases or leases the goods or services for the purpose of reselling the end-user equipment, unless the resale will be an inclusion in a contract for the sale of land or a strata scheme lot.⁸

The purchaser must provide a valid NSW address when purchasing the appliance or the appliance must be delivered to a NSW address.

3.3 Implementation, implementation date and site

The ESS Rule defines implementations, implementation dates and site (explained below). These concepts are used to determine the number of ESCs, and from when they can be created.

3.3.1 Implementation

An implementation is the delivery of a RESA⁹ at a site. Activities eligible to be RESAs where the SONA method is used are set out in Schedule B to the ESS Rule (see section 3.5 of this document).

3.3.2 Implementation date

For ACPs that use the SONA method, the implementation date is the date the appliance was sold to the purchaser. The sale occurs, when title to the appliance passes from the appliance retailer to the purchaser. This will typically be on payment of the purchase price but, for example in the case of payment of the purchase price by instalments, this could be on payment of the deposit or of the final instalment.

⁷ ACPs that are nominated Energy Savers will typically fall under this category.

⁸ Wholesalers will typically fall under this category.

⁹ A RESA must meet all of the criteria set out in clauses 5.3, 5.3A, 5.3B and 5.4 of the ESS Rule.

3.3.3 Site

The site is the address where the equipment is delivered, or the address recorded by the appliance retailer that sells the high efficiency equipment. The site must be a NSW address.

3.4 Sold

The method requires that the eligible appliance is sold by an appliance retailer.¹⁰ A sale involves the transfer of property from a seller to a buyer in exchange for payment.

This means that the appliance retailer must be the owner of the appliance at the time of sale, and there must be a transfer of ownership of the appliance from the appliance retailer to the purchaser in exchange for payment. This must be evidenced by a tax invoice or other acceptable evidence issued by, or on behalf of, the appliance retailer to the purchaser.

For example, an appliance sold in a showroom may actually still be owned by the manufacturer (or distributor/wholesaler) at the time of sale. In these circumstances, the operator of the showroom, although commonly referred to as a retailer, is actually acting as the legal agent of the manufacturer. The showroom operator will therefore not be the appliance retailer for the purposes of the SONA method – the manufacturer will be the appliance retailer in these circumstances.

An appliance that is purchased or leased for the purposes of resale is not eligible unless the resale will be an inclusion in a contract for the sale of land, or in a strata scheme, the sale of a lot. Any sales from a wholesaler or distributor to appliance retailers are therefore unlikely to be eligible under this method.

3.5 Eligible activities

The appliance sold must be included in an activity definition in Schedule B of the ESS Rule. Each activity definition defines a class of appliance that can be sold and the requirements the appliance must meet. The activity definitions are listed in Table 3.1 below.

Table 3.1 Eligible activities for the Sale of New Appliances Method

Activity definitions	Name of Activity
B1	Sell a High Efficiency Clothes Washing Machine
B2	Sell a High Efficiency Clothes Dryer
B3	Sell a High Efficiency Dishwasher
B4	Sell a High Efficiency 1-Door Refrigerator
B5	Sell a High Efficiency Refrigerator with 2 or more doors
B6	Sell a High Efficiency Chest Freezer or Upright Freezer
B7	Sell a High Efficiency Television

¹⁰ ESS Rule, cl 10 - 'Appliance Retailer'

3.5.1 Equipment requirements

Equipment requirements are specified under each activity definition as outlined in Schedule B of the ESS Rule. Generally, the appliance must be registered for energy labelling under the Energy Rating Program.¹¹

The Commonwealth Government maintains an online E3 database¹² of products registered for energy labelling on the Energy Rating website¹³, which can be used for determining if an appliance meets the requirements. However, ACPs may need to download a CSV file to access all information. The Energy Rating website provides information on the registration process for having an appliance accepted for energy labelling.

A listing in the E3 database does not, however, guarantee an appliance meets all the equipment requirements, as certain activity definitions place additional restrictions on equipment. These include:

- ▼ Restrictions on the type of appliance. For example, a combination washer/dryer is not eligible under activity definition B2, even if the dryer is registered for energy labelling.¹⁴
- ▼ Limiting eligibility to certain subsets or groups. For example a 1-door refrigerator must be defined as a group 1, 2 or 3 Refrigerator to be eligible under activity definition B4 under the method.
- ▼ Restrictions on which version of a standard was used for testing.

ACPs must ensure that the appliance is compliant with these requirements to be eligible to use the SONA method to calculate energy savings.

Schedule B of the ESS Rule includes the full list of equipment requirements that each type of appliance must meet.

3.5.2 Transitional arrangements for activity definitions

The activity definitions in Schedule B of the ESS Rule have been amended and will be used to calculate energy savings from 15 August 2020. Clause 11.14 of the ESS Rule sets out the transitional arrangements that apply to these activities.

This means that ACPs must calculate energy savings in accordance with the old ESS Rule, if:

- ▼ the implementation date of an implementation undertaken under this activity is on or before 14 August 2020, and
- ▼ an application to register ESCs in respect of those energy savings is made on or before 30 June 2021.

¹¹ Refer www.energyrating.gov.au/about

¹² Refer http://reg.energyrating.gov.au/comparator/product_types/

¹³ Refer www.energyrating.gov.au

¹⁴ Combination washer/dryers are eligible under activity definition B1 – but only for the ‘washer’ component.

3.5.3 New appliances

The appliance must be new at the time of sale.¹⁵ This means that the appliance must not have been sold previously. For example, the following are not considered new:

- ▼ any appliance that has previously been returned regardless of whether it was used or not, as the energy savings arising from the original eligible sale would be captured (ie, ESCs would have been created for the original sale)
- ▼ appliances that have been refurbished by the manufacturer, and
- ▼ second hand sales.

A factory second is considered new if the appliance is not a refurbished product and defects are cosmetic in nature. Demonstration or floor stock is considered new.

The sale of a new appliance to a purchaser, which is then subsequently returned, will still be an eligible sale (provided the sale meets all other requirements).

However, as set out above, if this returned appliance is subsequently sold, this appliance will not be considered new at the time of the second sale.

3.6 Minimum requirements of conduct

The Scheme Administrator has established minimum requirements for the conduct of ACPs and their representatives, for example, employees or subcontractors. This includes ACP responsibilities for:

- ▼ training representatives
- ▼ maintaining a register of representatives
- ▼ ensuring there is a formal, documented, signed and enforceable (legally binding) contract or agreement in place for each representative, and
- ▼ providing appropriate customer service.

ACPs are accountable for all ESS activities conducted by employees, third parties and other representatives. This includes all aspects of an activity for which they create ESCs, from the initial engagement with customers, through to the final quality assurance of documents. ACPs will be held responsible for all actions, omissions and information provided by representatives acting on their behalf under the ESS – regardless of any contract or agreement with other parties. For more information, refer to *ESS Notice 01/2013 (V3.0) Minimum requirements of conduct*.¹⁶

¹⁵ *ESS Rule*, cl 9.3.1(c)

¹⁶ Refer: www.ess.nsw.gov.au/Home/Document-Search/Notices/Notice-012013-Minimum-requirements-of-conduct/Notice-012013-Requirements-for-all-methods-Minimum-requirements-of-conduct-V3.0

3.7 Insurance

ACPs (and any contractors¹⁷ involved in the delivery of the RESA) must be covered by public liability insurance of at least \$5 million. Insurance cover of this amount must be maintained for the life of the RESA. Public liability insurance must, at a minimum, cover the replacement and/or rectification of customers' property damaged as a result of work performed by the ACP and/or the ACP's contractors.

ACPs must also:

- ▼ Provide the Scheme Administrator with current certificates of their, and their contractors', public liability insurances, within seven days of each renewal, reissue or change of policy, and
- ▼ Maintain a register of contractors that contains copies of their public liability insurance.

Compliance with these requirements will be checked at the time of audit.

4 Calculating energy savings

Under the ESS Rule, energy savings comprise both electricity savings and gas savings.

4.1 Electricity savings

The electricity savings from an implementation of the SONA method can be calculated using equation 5 of the ESS Rule, which uses:

- ▼ the deemed equipment electricity savings from Schedule B of the ESS Rule (see section 4.1.1), and
- ▼ the regional network factor from Table A24 of Schedule A of the ESS Rule.

The electricity savings from each appliance sale are the deemed equipment electricity savings of the appliance, multiplied by the regional network factor for the postcode of the address provided.

4.1.1 Deemed equipment electricity savings

To calculate the deemed equipment electricity savings for an appliance sold, ACPs first need to determine the energy star rating of the appliance and the size of the appliance. The deemed equipment electricity savings for the appliance are determined using the table in the activity definition that covers that appliance. These activity definitions are included in Schedule B of the ESS Rule.

¹⁷ This includes any person or company an ACP is working with that is involved directly in the implementation of any aspect of the RESA

Appliance energy star ratings

The energy star ratings of eligible appliances are displayed on the energy star rating label on each appliance. These ratings are also included as part of the appliance's entry in the E3 database¹⁸. ACPs should check that the value used for their calculation matches the entry in the E3 database, as this will be the value accepted by ESS auditors.

The energy star rating system for televisions was revised on 1 April 2013 to reflect the improvements in the energy efficiency of televisions. Depending on when the appliance was imported for sale, it may be labelled under the current Tier 2 rating system or the older Tier 1 rating system. ACPs should check the star rating using the E3 database, which provides the star rating for televisions under both rating systems.

Appliance sizes

ACPs can determine the size of appliances using the E3 database, and certain appliances will also have the size listed on the energy star rating. ACPs should ensure that the value that they use matches the E3 database as this will be the value accepted by ESS auditors.

4.2 Gas Savings

The gas savings from this method will always be equal to zero (as, under the ESS Rule, gas savings are not calculated for this method and are therefore not applicable).

5 Calculating and creating ESCs

Equation 1 of the ESS Rule is used to calculate the number of ESCs that may be created from the energy savings calculated from an implementation.

Equation 1

$$\text{Number of Certificates} = \sum_{\text{Implementations}} (\text{Electricity Savings} \times \text{Electricity Certificate Conversion Factor} + \text{Gas Savings} \times \text{Gas Certificate Conversion Factor})$$

5.1 Applying to register ESCs

Certain information must be submitted to the Scheme Administrator **by an ACP for the purpose of applying to register** ESCs.¹⁹ ACPs are to provide the required information²⁰ by completing an *Implementation Data Sheet*²¹ and submitting it through the ESS Portal.²² The *Implementation Data Sheet* will include a calculation of the number of ESCs to be created in

¹⁸ http://reg.energyrating.gov.au/comparator/product_types/

¹⁹ ESS Rule, cl 6.8

²⁰ For SONA implementations, ACPs must provide in the *Implementation Data Sheet* the ABN of the Appliance Retailer instead of the entity utilising the End-Use Service (refer ESS Rule clause 6.8(g)(ii)).

²¹ The implementation data sheet is available from the ESS Website at:

www.ess.nsw.gov.au/Registry/Registering_certificates

²² Information and access to the portal can be found here: www.ess.nsw.gov.au/ESS_Portal

accordance with Equation 1 in the ESS Rule. This calculation involves multiplying the electricity savings arising from the implementation or implementations by the certificate conversion factor for electricity (1.06).²³

The result is the total number of ESCs that ACPs can apply to register from the implementation or implementations. If the result is not a whole number, it is rounded **down** to the nearest whole number.

There are no restrictions on how many implementations can be bundled together in the same *Implementation Data Sheet*. However:

- ▼ ACPs must apply to register all ESCs included in an *Implementation Data Sheet* in a single application
- ▼ ACPs cannot split energy savings calculated from a single implementation across two or more *Implementation Data Sheets*, and
- ▼ each *Implementation Data Sheet* must only include the calculation of energy savings that are taken to have occurred in the same calendar year (commonly referred to as 'vintage').

When determining how many implementations to bundle in the same *Implementation Data Sheet*, ACPs should consider:

- ▼ the ESC creation limit specified in their Accreditation Notice, as they must be able to register all the ESCs in the bundle at the same time, and
- ▼ the cost of registering the ESCs.²⁴

More information on applying to register the creation of ESCs can be found on ESS website.²⁵

6 Minimum required records

ACPs are required to keep records in respect of a RESA, including records of:

- ▼ the location in which the energy savings activity occurred
- ▼ the energy savings arising from that activity
- ▼ the methodology, data and assumptions used to calculate those energy savings, and
- ▼ any other records specified by the Scheme Administrator.²⁶

ACPs must retain records for at least six years, in a form and manner approved by the Scheme Administrator. Each ACP's Accreditation Notice may include a condition requiring that the ACP's record keeping arrangements are consistent with the ESS Record Keeping Guide.²⁷

²³ Act, section 130(1)(a). This may be amended by regulations: Act, section 130(3).

²⁴ The ESC registration fee must be paid in a single payment for all ESCs registered in a single bundle. Payment for a single bundle cannot be split into two payments. Refer: www.ess.nsw.gov.au/Home/About-ESS/ESS-Registry-and-ESS-Portal/Registering-ESCs

²⁵ Available at: www.ess.nsw.gov.au/Home/About-ESS/ESS-Registry-and-ESS-Portal/Registering-ESCs

²⁶ Regulation, cl 46(1) and (2)

²⁷ Available at: www.ess.nsw.gov.au/Accredited_Certificate_Providers/Record_keeping_arrangements




Table 6.1 below describes the minimum documents ACPs are required to keep as a record of the energy savings from their project. For each implementation, ACPs must collect the records described in Table 6.1 relevant to the activity or activities being implemented.

The method also requires appliance retailers to provide us (and other parties such as ESS Auditors) with information about each sale. In providing this information the appliance retailer must ensure that they comply with all relevant legislation including privacy obligations.

Table 6.1 Minimum required records for all implementations

Requirement	Document	Description
Implementation date	Sales ledger or tax invoice	The document must clearly show the date the appliance was sold.
Energy saver	Sales ledger or tax invoice	<p>The document must clearly show:</p> <ul style="list-style-type: none"> ▼ the name of the appliance retailer ▼ the ABN of the appliance retailer, and ▼ the address of the appliance retailer. <p>The sales ledger must be accompanied by a declaration from an authorised signatory endorsing that the information contained in the sales ledger is accurate.</p>
Nomination	Nomination form (not required if the ACP is the original energy saver, ie, the appliance retailer)	<p>The nomination form must:</p> <ul style="list-style-type: none"> ▼ be based on the current template available from the ESS website ▼ be signed by the original energy saver, and ▼ be completed on or before the implementation date. <p>ACPs must provide a copy of the signed nomination form to IPART within seven days of the nomination being made by emailing a copy to ess_compliance@ipart.nsw.gov.au.</p>
Purchaser address	Sales ledger or tax invoice	<p>The document must clearly show:</p> <ul style="list-style-type: none"> ▼ the address provided by the purchaser, or ▼ the address to which the appliance was delivered. <p>The sales ledger must be accompanied by a declaration from an authorised signatory endorsing that the information contained in the sales ledger is accurate.</p>
Appliance make and model	Sales ledger or tax invoice	<p>The document must clearly show:</p> <ul style="list-style-type: none"> ▼ the make of the appliance, and ▼ the model number of the appliance. <p>The sales ledger must be accompanied by a declaration from an authorised signatory endorsing the information contained in the sales ledger is accurate.</p>
Calculations	The spreadsheet or calculation tool used to calculate energy savings from each implementation.	The document must clearly show the calculation of energy savings, and the data inputs and factors applied as required for the relevant activity in Schedule B.

7 Glossary

Words which are defined in the ESS Rule and used in this Method Guide have the same meaning in this Method Guide as in the ESS Rule, unless the context requires otherwise.

Term	Definition
ACP	Accredited Certificate Provider
Activity definition	Refer to section 3.5 of this document
Appliance retailer	Refer to section 3.1 of this document
E3	Equipment Energy Efficiency Program
Energy labelling	Energy rating labelling under the Commonwealth's Energy Rating Labelling Scheme
Energy saver	Refer to section 3.1 of this document
ESC	Energy Savings Certificate
ESS	Energy Savings Scheme
ESS Rule	<i>Energy Savings Scheme Rule of 2009</i>
GEMS	Greenhouse and Energy Minimum Standards
Implementation	Refer to section 3.3 of this document
Implementation date	Refer to section 3.3 of this document
MEPS	Minimum Energy Performance Standards
Purchaser	Refer Section 3.2 of this document
RESA	Recognised Energy Saving Activity